

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7292

BILL NUMBER: HB 1280

NOTE PREPARED: Jan 9, 2013

BILL AMENDED:

SUBJECT: Economic Development in Delaware County.

FIRST AUTHOR: Rep. Errington

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill eliminates the aggregate limit of \$2 M per state fiscal year on distributions of adjusted gross income tax revenue and sales tax revenue to Community Revitalization Enhancement Districts (CREDs) located in Delaware County.

Effective Date: July 1, 2013.

Explanation of State Expenditures: *Department of State Revenue (DOR):* The bill's requirements are within the agency's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

Explanation of State Revenues: This bill changes the maximum amount of incremental state tax revenue to be distributed to each CRED in Delaware County to \$1 M per state fiscal year. Current law requires the three CREDs in Delaware County to share a \$2 M capture limit. This bill has the potential to reduce state revenue up to an additional \$1 M per fiscal year, if each CRED in Delaware County captures the maximum allowable tax revenue.

[The average state revenue captured in one Delaware County CRED is about \$222,000 per fiscal year. The other two CREDs have not received any payments yet.]

CREDs are allowed to collect incremental sales tax, state income tax, and local income tax revenue. Revenue collected by the state income tax is deposited in the state General Fund. Sales Tax revenue is deposited in the state General Fund (99.848%), the Commuter Rail Service Fund (CRSF) (0.123%), and the Industrial Rail

Service Fund (IRSF) (0.029%).

Explanation of Local Expenditures:

Explanation of Local Revenues: This bill changes the maximum amount of incremental state tax revenue that can be captured by each CRED in Delaware County to \$1 M per state fiscal year. Currently, the three CREDs in Delaware County share a \$2 M capture limit for state revenue. This bill increases the potential state revenue that all CREDs in Delaware County may capture by an additional \$1 M per fiscal year.

[The average state and local revenue captured by one Delaware County CRED is \$274,000 per fiscal year. The other two CREDs have not received any payments yet.]

State Agencies Affected: Department of State Revenue.

Local Agencies Affected: Delaware County CREDs.

Information Sources: LSA, *Fiscal Issue Brief: Indiana's Geographically Targeted Development Programs: Community Revitalization Enhancement Districts*, July 2012.

Fiscal Analyst: Heath Holloway, 232-9867.